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SECRET

4 MAR 1983

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MEMORANDUM FOR: Director of Central Intelligence
FROM :
Director, Office of External Affairs
SUBJECT : Press Guidance

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FYI, press guidance on a topical news story is attached.



Attachments

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OEXA/PAD/CEW/bdh/3 Mar 83/x7676

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10 FEBRUARY 1983



Collins

By AVRAM GOLDSTEIN
Herald Staff Writer

A two-star Air Force general accused of embezzling government funds says he will expose classified information about covert CIA activities and top-secret military intelligence operations to defend himself.

The attorney for retired Air Force Major General Richard B. Collins, 53, of Fort Lauderdale, formally notified federal prosecutors of his intentions Tuesday, as required under federal law.

The government now may ask U.S. District Judge James C. Paine to review in advance Collins' defense evidence and to close portions of the upcoming trial to the public.

Defense attorney Stephen Bronis said it is a certainty the government will seek such an order because the case involves Collins' handling of secret CIA bank accounts in Switzerland.

Bronis vowed to challenge the constitutionality of any order that would shield any part of the trial or evidence.

"We haven't seen the motion and we have nothing to say other than we'll reply to the motion in court," said Justice Department spokesman John Russell in Washington.

A former fighter pilot who won a chestful of medals for wartime service, Collins rose to the highest echelons of the Air Force before he retired in 1978.

He was a key military aide to Alexander Haig when Haig was supreme commander of NATO forces in Europe. Collins has extensive military involvement in national security planning for all the military services.

As director of plans and policies under Haig, Collins supervised war planning in Europe for all U.S. military services and conducted military negotiations between

the United States and other European nations. He was stationed in Stuttgart, West Germany, at the time of the alleged embezzlements.

In a Jan. 27 indictment, a federal grand jury alleged that Collins withdrew money from Swiss bank accounts under U.S. control and invested them for his own benefit. Later he replaced the improperly "borrowed" funds, the Justice Department said.

Air Force investigators said Collins concealed and retained about \$465,000 from November 1977 to March 1978. Later, he put the money back but kept the interest he earned.

But the general's lawyer, Stephen Bronis, said Collins' superiors were well aware of the general's handling of the accounts and did not object to amounts or types of transfers involved.

In the notice filed Tuesday, Bronis said Collins will have to disclose details of the CIA's secret Swiss bank accounts, which he said financed intelligence gathering operations in Europe and covert CIA operations in Southeast Asia and elsewhere.

Bronis said he will explore the laundering of large cash sums from those accounts in Switzerland to the U.S. treasury.

The evidence to be disclosed also will include details of Collins' supervision of the "special plans" unit, which coordinated many covert CIA operations, the notice said.

Neither Collins nor Bronis were available for comment Tuesday.

A CIA spokesman declined to comment on Collins' plans.

Air Force Lt. Col. Bob Nicholson, a Pentagon spokesman, was surprised that Collins intends to disclose so much sensitive information.

"He said that?" Nicholson asked.